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March 13, 2001

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ex Parte

Ms. Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Room TW-A325  
Washington, DC 20554

Re: Provision of Directory Listing Information; CC Dkt. No. 99-273

Dear Ms. Salas,

On March 12, 2001, the undersigned, Michael Alarcon, and Jan Rogers of SBC, Mary Henze and Sid White of BellSouth, Clark Conniff and Drew Fields of Qwest, and Marie Breslin and Bob Lyons of Verizon, met with Greg Cooke, Dennis Johnson, Pam Slipakoff, Rodney McDonald, John Vu, and Cheryl Callahan of the Common Carrier Bureau to discuss the above-referenced proceeding.

During the meeting the companies discussed their opposition to Telgeate's dialing parity proposal and presented data to support their position. A copy of the presentation used during the meeting is included with this submission.

This presentation is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Teri Janine Quinn".

Teri Janine Quinn

Attachment

Cc: G. Cooke  
D. Johnson  
P. Slipakoff  
R. McDonald  
J. Vu  
C. Callahan

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# 411 Facts and Issues Opposing Telegate's Dialing Parity Proposal

March 12, 2001

BellSouth, SBC, Verizon,  
and Qwest

# **Issues with Telegate's Dialing Parity Proposal**

- Consumer Impact
- Policy Issues
- Technical Challenges
- Cost Issues
- No need for change
- DA market is already competitive

# Consumer Impact

- The removal of 411 and introduction of a new dialing format would cause consumer confusion, especially for 80% of consumers who use DA infrequently or not at all. Oftel agrees:
  - *“Oftel considers that the removal of 192\* and the introduction of a new number range may cause user confusion, especially for infrequent users.”* Access Codes for Directory Inquiry Services - Oftel Office of Telecommunications, November 2000 (Telegate Ex Parte, January 22, 2001) \*192 is the United Kingdom version of 411
- Would dialing codes be national? If not, Oftel warns of further consumer confusion:
  - *“A consumer may be use[d] to dial[l]ing a particular number at home, for example, only to find that calls to the same number from a different PTO network (at work, for example) did not connect...they (consumers) may be confused about which number to dial.”* Access Codes for Directory Inquiry Services - Oftel Office of Telecommunications, November 2000 (Telegate Ex Parte, January 22, 2001)
- Implementation costs passed on to consumers.

# Consumer Impact

- Consumers would be inconvenienced by having to wait through a lengthy announcement before reaching an operator.
- Consumers would have to hang up and redial during transition period.
- Under a 1111XXX dialing format, consumers using rotary telephones may be forced to purchase new telephones and touch tone service or risk losing either their ability to dial “\*” or their ability to access directory assistance.
- No customer benefit - increased customer inconvenience.

# Policy issues

- Lengthy recorded messages during a ‘transition’ period could cause call answer time violations of state requirements.
- All DA providers should be required to meet state requirements (e.g., call answer time, free call allowances).
  - Who would insure free call allowances when different providers could be used for each DA request?
- Dialing code listings would have to be rotated on announcements.

# Technical challenges

- Any new dialing format would likely conflict with the North American Numbering Plan.
  - If a new code does not match an established digit string length, there will be problems establishing inter-digit timing.
- 11 is used as a substitute for the \* key on rotary telephones; 1111XXX would result in a timing problem for custom calling.

# Technical challenges

- A seven digit dialing code beginning with 1 or 0 would trigger D digit release; The FCC recently declined to require D digit expansion at this time. -Second Report and Order, Order on Reconsideration in CC Docket No. 96-98 and CC Docket Co. 99-200, and Second Further Notice of Proposed Rulemaking in CC Docket No. 99-200 (Released 12-29-00)
- Contrary to Telegate's assertion, lengthy announcements may require the installation of new hardware and software.
- Various switch translation tables would need to be developed for a new dialing scheme.



# Technical challenges

- How would these calls be routed? Would each DA 411 provider have a trunk group on a tandem?
- Telegate proposes a 3 digit directory assistance provider code. This proposal would provide only 999 dialing codes. Would that be enough?
- PBXs, coin phones, and other private systems would need to be upgraded/revised to handle the new dialing sequences. The sequence would not be transparent to private systems.

# Cost Issues

- The longer the announcement, the more expensive it gets. Even if there were only 100 providers using the scheme initially, the announcement listing all the new providers and their numbers could go on for minutes.
- Who pays for announcements, customer education, trunk holding, drams, rotation of codes, etc.?

# No need for change

- “...Of tel believes there should be a broad consensus for change from both industry and consumer groups before any regulatory action is taken.” *Access Codes for Directory Inquiry Services* - Of tel Office of Telecommunications, November 2000 (Telegate Ex Parte, January 22, 2001)
- Telegate, a foreign company interested in competing in the U.S. market, at the expense of consumers and the industry, is the only DA provider to bring this issue before the FCC; even InfoNXX opposes 411 presubscription.
- No demonstrated need for change; U.S. customers are not demanding change .

# DA market is already competitive

- *“It is clear that the demand for DA is growing and that the market is competitive and robust, and ILECs are losing market share to competing providers. ILECs are experiencing the effects of competitive erosion in both DA and DA listing services. Losses in DA call volumes have occurred over the last several years and range from 50-60%. ” (BellSouth, Verizon, Qwest, and SBC Ex Parte, November 9, 2000)*

## U S Directory Assistance Market Transaction Volume (millions)\*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Estimated Growth Rate</u>
<b>Wireline Wholesale</b>				
<b>Local DA</b>	931	954	977	2.4%
<b>National DA</b>	274	289	304	5.3%
<b>Wireline Retail</b>				
<b>Local DA</b>	4,300	4,090	3,900	-4.8%
<b>National DA</b>	1,250	1,320	1,380	5.1%
<b>Wireline Retail Total</b>	5,540	5,410	5,280	-2.4%
<b>Wireless</b>	853	971	1,096	13.3%
<b>Internet</b>	1,015	1,326	1,793	32.9%
<b>TOTAL</b>	8,613	8,950	9,450	9.7%**

\* Source: Frost & Sullivan 2000 Study

\*\* Compounded Annual Growth Rate is 4.7%

# DA market is already competitive

- UNE Remand Order
  - *“Competition in the provision of operator services and directory assistance has existed since divestiture.”*
- Directory Listing Information First Report and Order
  - *“Section 251(b)(3) plainly requires that incumbent LECs provide competing LECs with access to DA databases. Any entity that is certified as a competing LEC by the appropriate state commission is presumptively a competing provider of telephone exchange service.”*

# **Conclusion**

Adopting Telegate's proposal is not in the public interest for the following reasons:

- 1) Not in consumer's best interest
- 2) Presents several policy issues
- 3) Presents significant technical challenges
- 4) Telegate is the only one demanding change
- 5) DA market is competitive
- 6) Would be too expensive for both the industry and consumers